

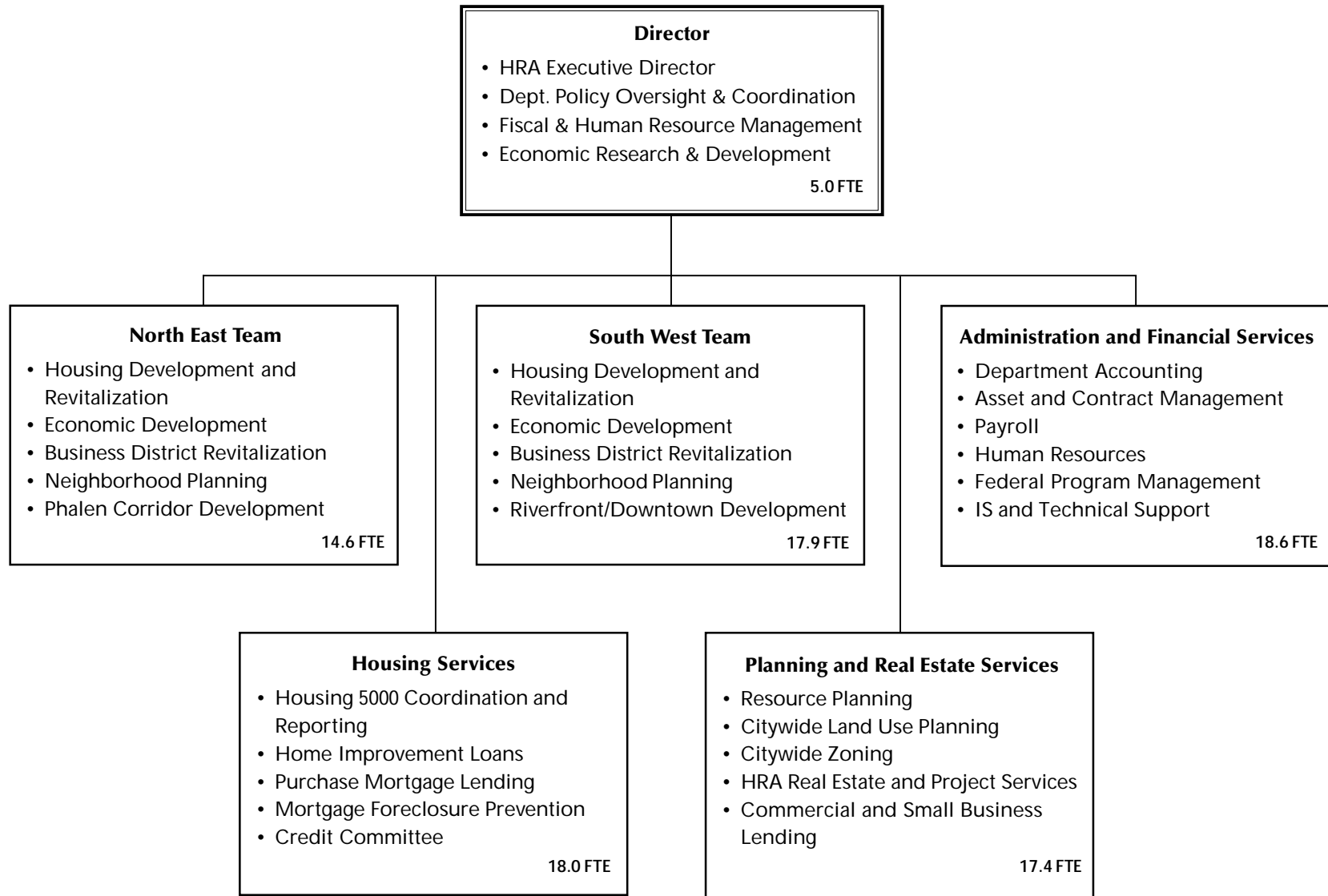
Department of Planning and Economic Development

Mission Statement

In partnership with our community, promote investment and increase value in Saint Paul's housing and economic development initiatives.

Planning and Economic Development

(Total 91.5 FTEs)



Strategic Plan Accomplishments and 2004 Priorities

The Department of Planning and Economic Development (PED)'s mission is to grow jobs and promote investment that maintains and expands Saint Paul's tax base. This is accomplished through the promotion of new housing, strategic commercial and economic development, and careful planning that builds on past accomplishments to define our vision for the future.

2003 ACCOMPLISHMENTS

1. Continued implementation of the Housing 5000 initiative, including establishment of the Land Assembly Plan and expected production of 2,500 new housing units by 12/31/03 (at least 20% of which will be affordable at 50% or less than median household income).
2. Continued investment in public infrastructure and amenities, and private development, in commercial corridors, including MainStreet Initiatives on Payne Avenue, Selby Avenue, and District Del Sol.
3. Established the Strategic Investment Fund, to create financial incentives for healthy, growing companies to relocate to Saint Paul and reduce commercial office vacancies.
4. Promoted the conversion of Class B and Class C downtown office properties to residential use, thereby reducing office vacancies and increasing downtown residents (which will in turn increase demand for retail, hospitality and related services.)
5. Acquired the site for the future University of Minnesota biotechnology incubator, catalyzing private donations and establishing the first anchor for the BioScience Corridor.
6. Completed Traditional Neighborhood Zoning ordinance, which facilitates development of mixed use, pedestrian-oriented neighborhoods and also streamlines and clarifies zoning regulations.
7. Completed Riverview Transit Corridor and District Del Sol long term plans, which reflect the communities' vision for redeveloping underutilized properties in these commercial corridors. Implementation will enhance livability and commercial viability through mixed use neighborhoods and leveraging transportation investments.
8. Rollout of the Minority Business Development and Retention Initiative, including the Socially Responsible Investment Program and creation of a network of community partnerships to increase technical and financial resources for women, minorities, and small businesses.
9. Established the Small Business Expansion Program in partnership with the Community Reinvestment Fund and local lenders. The action has leveraged New Market Tax Credits to create below-market loans in targeted areas.

2004 PRIORITIES

2004 will be an extremely challenging year for PED. In uncertain economic times and facing severe budget cuts at the state and local level, doing more with less, creating partnerships, and innovation has never been more necessary than it will in the coming year. With significantly less human and financial resources, identifying and prioritizing needs, targeting resources, assessing economic impact, and creating partnerships are paramount. PED staff welcome the challenge.

Implementation of the third year of the Housing 5000 Plan, commercial corridor development, and capitalizing on downtown and riverfront opportunities will all move forward. Work with our public, private, and community-based partners will be critical as adopted plans and projects become realities. Outreach to under-represented groups will continue to be a priority, along with simplifying process and procedure. Finally, staff will remain flexible, and be in position to take advantage of new housing, commercial, and economic development opportunities as they arise.

1. Focus economic development activities on increasing investment, promoting partnerships, creating jobs, and sustaining the tax base.
2. Continue implementation of Housing 5000, including production of 3,750 units of new housing by 12/31/04 (20% of which will be affordable), and ongoing investment in existing housing stock.
3. Continue development of key commercial\transportation corridors through concentration of private and public investment in transportation infrastructure, housing and commercial development, and public amenities.
4. Complete development of the University of Minnesota biotechnology incubator and promote development of the new Saint Paul bioscience corridor.
5. Target areas of disinvestment for economic renewal and revitalization.
6. Reclaim brownfield sites into productive residential and commercial properties.
7. Pursue Federal, State and local partnerships, concentrating on higher education and health care.
8. Continue and expand the efforts of the Minority Business Development and Retention and Small Business Expansion Programs.
9. Engage community and business groups, and encourage involvement by all sectors of the community to promote responsible decision making.

Planning and Economic Development

DEPARTMENT/OFFICE DIRECTOR: MARTHA FULLER

	2001 2ND PRIOR EXP & ENC *	2002 LAST YEAR EXP & ENC *	2003 ADOPTED BUDGET	2004 MAYOR'S PROPOSED	2004 COUNCIL ADOPTED	ADOPTED MAYOR'S PROPOSED	CHANGE FROM 2003 ADOPTED
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<u>SPENDING APPROPRIATIONS</u>							
001 GENERAL FUND	1,318,151	1,096,969	1,233,344	108,483	108,483		1,124,861-
100 COMMUNITY DEVELOPMENT BLOCK GRANT	410,086	781,018	11,854,000	11,854,000	11,854,000		
101 NEIGHBORHOOD REVITALIZATION PROG	7,829,253	3,714,622					
108 SECTION 108 PROGRAMS	651,030						
126 PED OPERATIONS FUND	8,059,271	8,947,983	9,163,592	8,596,379	8,719,707	123,328	443,885-
130 PARKING AND TRANSIT FUND	6,166,213	6,542,700					
133 HOUSING INFO OFFICE - PED	201,205	136					
149 CITY DWTN CAPT'L PROJS NOTE REPAY	8,523,737	4,696,174					
345 GOVERNMENTAL EMP & TRNG PROGRAM	487,499						
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TOTAL SPENDING BY UNIT	33,646,445	25,779,602	22,250,936	20,558,862	20,682,190	123,328	1,568,746-
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<u>SPENDING BY MAJOR OBJECT</u>							
SALARIES	5,347,258	5,515,997	5,968,258	5,463,984	5,557,001	93,017	411,257-
EMPLOYER FRINGE BENEFITS	1,592,639	2,162,748	1,823,297	1,774,505	1,804,816	30,311	18,481-
SERVICES	2,034,020	3,746,728	2,212,760	1,286,538	1,286,538		926,222-
MATERIALS AND SUPPLIES	121,017	51,582	64,025	67,500	67,500		3,475
MISC TRANSFER CONTINGENCY ETC	23,924,543	14,223,495	12,162,596	11,951,335	11,951,335		211,261-
DEBT							
STREET SEWER BRIDGE ETC IMPROVEMENT	62,153						
EQUIPMENT LAND AND BUILDINGS	564,815	79,052	20,000	15,000	15,000		5,000-
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TOTAL SPENDING BY OBJECT	33,646,445	25,779,602	22,250,936	20,558,862	20,682,190	123,328	1,568,746-
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		23.4-%	13.7-%	7.6-%	.6 %	.6 %	7.1-%
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<u>FINANCING BY MAJOR OBJECT</u>							
GENERAL FUND	1,318,151	1,096,969	1,233,344	108,483	108,483		1,124,861-
SPECIAL FUNDS							
TAXES							
LICENSES AND PERMITS							
INTERGOVERNMENTAL REVENUE	9,930,275	3,901,629	9,880,000	9,854,000	9,854,000		26,000-
FEES, SALES AND SERVICES	2,354,356	9,625,964	9,137,592	8,596,379	8,713,421	117,042	424,171-
ENTERPRISE AND UTILITY REVENUE	4,204,547		2,000,000	2,000,000	2,000,000		
MISCELLANEOUS REVENUE	182,796	152,657					
TRANSFERS	18,095,502	4,310,443					
FUND BALANCES					6,286	6,286	6,286
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TOTAL FINANCING BY OBJECT	36,085,627	19,087,662	22,250,936	20,558,862	20,682,190	123,328	1,568,746-
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		47.1-%	16.6 %	7.6-%	.6 %	.6 %	7.1-%

Budget Explanation

Major Changes in Spending and Financing

Creating the 2004 Budget Base

The 2003 adopted budget was adjusted to set the budget base for the year 2004. The permanent budget adjustments made in early 2003 to cope with cutbacks in the State's local government aid payments for 2003 and beyond were annualized for 2004 and reflected in the base budget. In particular, the base budget for each department reflects the "round 1" mid-year budget adjustments as adopted by the City Council, and the "round 2" adjustments as proposed by the Mayor and awaiting council action at the time the 2004 budget planning process began. The budget was increased for the anticipated growth in 2004 for salaries and fringes for staff related to the bargaining process. Employee benefit cost increases were projected and then considered in the process that distributes those total costs to the city departments' budgets through the budget system using the "fringe rate" process.

The City's Riverprint Operation was transferred from PED to the Contract and Analysis Section of the Office of Financial Services (OFS), as a result of a joint effort between PED and OFS to house the Riverprint function in a more appropriate city agency. In 2003, the Riverprint annual budget was \$1.4 million, and included 8.8 FTEs.

Mayor's Recommendations

The Mayor recommends eliminating most of the department's remaining general fund appropriation, which had already been significantly reduced in the Round 1 and 2 reduction plans. As a result, the City's General Fund has been eliminated as a financing source to support the PED Operations Fund. This reflects a loss of \$935,861 in financing for the PED Operations Fund, as compared to the adopted 2003 budget. This financing reduction has been resolved primarily through spending cuts. The 2004 proposed FTEs are 90.5, 11.1 fewer than the adopted 2003 budget of 101.6, (excluding the 8.8 RiverPrint FTEs). The department intends to focus the General Fund-supported staffing resources, which were mostly for citywide planning, on project-specific planning activities supported by special funds. This change reflects the budget pressures on the City's General Fund, the completion of several citywide plans, and a desire to increase resources for implementing those plans' economic development components.

Other General Fund changes include shifting the Planning Commission's costs to special funds (mostly zoning fees) and shifting the City's Capital City Partnership contribution to Hotel/Motel tax funding. The department's remaining General Fund appropriation will support a newly created Historic Preservation Intern position, and will repay the Community Development Block Grant program for recovered costs of demolishing vacant and hazardous buildings.

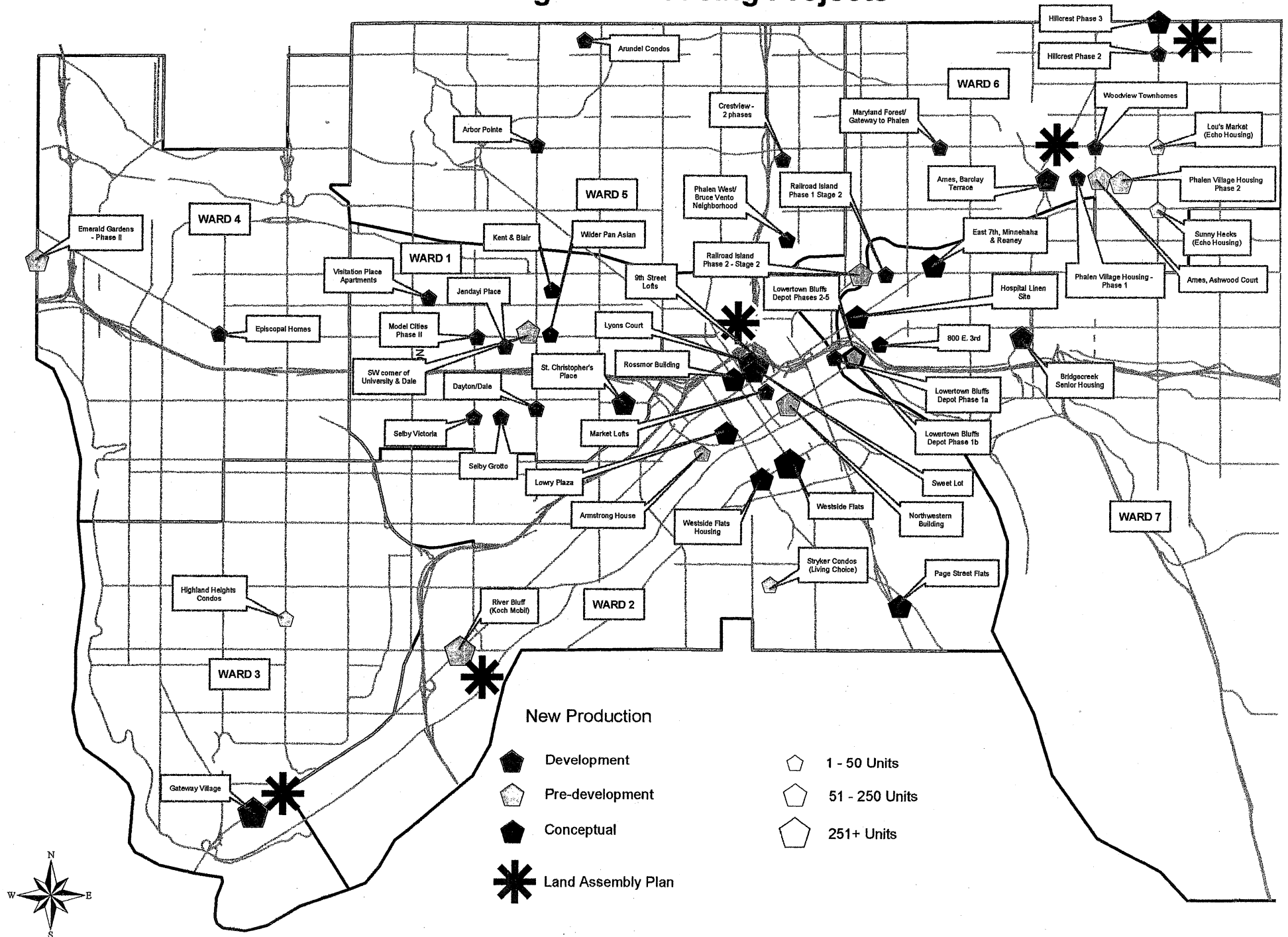
Housing and Redevelopment Authority program funding for the Minority Business Development and Retention Initiative (MBDR) will be maintained at \$250,000 for 2004. Although General Fund funding reductions require elimination of PED's dedicated MBDR staff position, other PED staff will assume internal MBDR outreach and coordination activities.

The City's Community Development Block Grant and program revenue are projected to remain stable.

Council Actions

The city council adopted the Planning and Economic Development budget as proposed by the Mayor, including two technical corrections recommended by the Mayor: the restoration of a Principal Designer position and the promotion of a project manager.

Housing 5000 Housing Projects



as of June 24, 2003